Insertion of section 35 AD in Income Tax Act

1253. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that with the insertion of section 35 AD in the Income Tax Act, 1961, the operators of gas pipelines were permitted to allow capital expenditure as revenue expenditure;

(b) if so, the number and names of the companies engaged in the operation of gas pipelines, which have been benefited by the insertion of section 35 AD;

(c) the amount of benefit for each of the companies, year-wise;

(d) the total amount of revenue loss to Government by insertion of section 35 AD; and

(e) the manner in which Government proposes to bridge this revenue gap?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Section 35AD allows an undertaking to claim the entire capital expenditure as deduction in the year in which it is incurred.

(b) and (c) Section 35AD has been inserted in the Income Tax Act with effect from 1.4.2010 for incomes arising in the current financial year. Deductions will be prospectively available to any company which fulfills the necessary conditions.

(d) and (e) Section 35AD allows an undertaking to claim the entire capital expenditure as deduction in the year in which it is incurred. This expenditure would otherwise have been allowable to the entity as depreciation in subsequent years. This would result only in the postponement of tax liability. The amendments through annual Finance Bills also contain provisions to enhance or augment revenue collection besides provisions for tax benefits though there cannot be a direct correlation between the two. The Government has undertaken additional revenue generating steps such as increase in the prescribed rate of Minimum Alternate Tax in the Income Tax Act with effect from 1.4.2010.

Smuggling of imported cars

1254. DR. JANARDHAN WAGHMARE:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Directorate of Revenue Intelligence had in the recent past seized a large number of imported cars which were smuggled into the country through legal channels by misrepresenting facts;

(b) if so, the details thereof;

(c) whether the Central Government proposes to ensure steps to prevent such incidents and to take stringent action against the importer; and

(d) if so, the details thereof?